

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 574 - SB 885

February 19, 2013

SUMMARY OF BILL: Limits property tax levied on insurance companies located in Tennessee to those companies who have issued and outstanding capital stock.

ESTIMATED FISCAL IMPACT:

Decrease Local Revenue – Exceeds \$46,500

Assumptions:

- According to the Comptroller's Office (COT), under current law, one insurance company located in Knoxville is assessed property tax. Other insurance companies located in Tennessee are either not being assessed the tax or the assessment is \$0.
- According to COT, the company's value for taxation purposes was \$2,411,918 in FY11-12. The future value of insurance companies located in Tennessee is estimated to exceed \$2,411,918.
- The City of Knoxville's property tax rate is \$2.46 per \$100 assessed value; Knox County's property tax rate is \$2.36 per \$100 assessed value.
- Assuming a 40 percent assessment rate, the company's property tax obligation in FY13-14 and each subsequent year is estimated to be \$46,502 $\{[(\$2,411,918 \times 40.0\%) / \$100] \times (\$2.46 + \$2.36)\}$.
- The total recurring decrease in local government revenue as a result of this bill, beginning in FY13-14, is estimated to exceed \$46,502.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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